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France

Product Brief

Non-Alcoholic Beverages

2008

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Report Highlights:

In 2007, French consumers' health and environmental concerns influenced the introduction of more low-sugar, preservative-free beverages and smaller, lighter, recyclable packaging. Supermarkets and hypermarkets comprise the most important retail distribution channels, however, sales by discount retail chains are expected to increase. While the French market for non-alcoholic beverages is highly competitive, growth in private-label brand sales may provide new opportunities for U.S. exporters.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Paris [FR1]
[FR]

Average exchange rate for calendar year 2007:

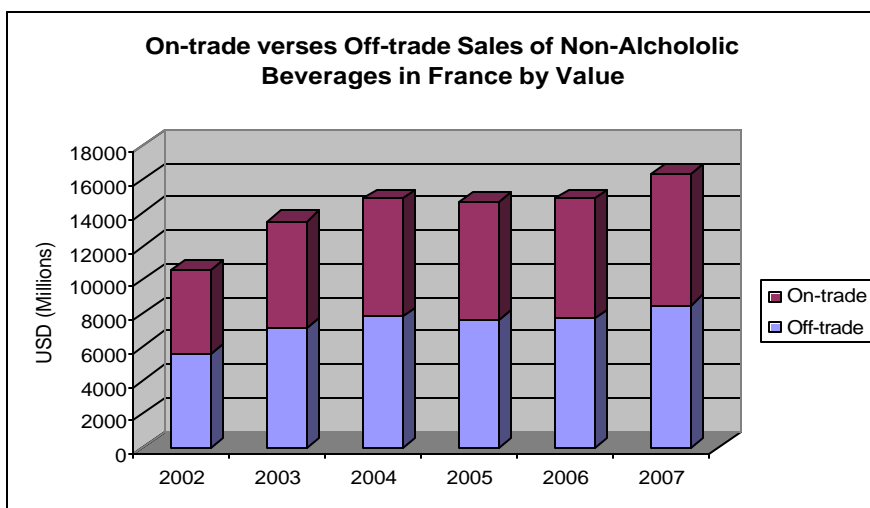
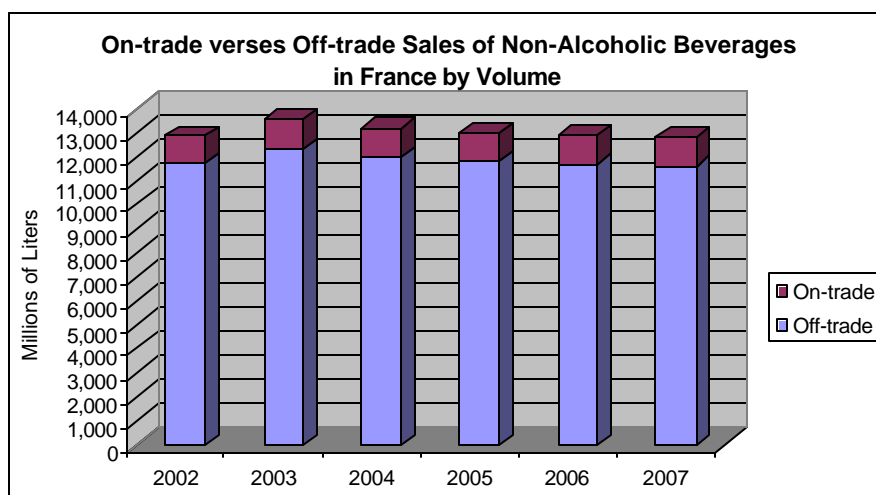
USD 1 = 0.7293 Euros

Source: Federal Reserve Bank

Market Summary

In France, the non-alcoholic beverage sector, which includes carbonates, fruit/vegetable juice, bottled water, functional drinks, concentrates, ready-to-drink (RTD) tea, RTD coffee, and Asian specialty drinks, has had relatively stable sales in terms of both volume and value for several years. European Union legislation on the mineral content of water precludes importation and sales of purified mineral-free water for human consumption, ostensibly for health reasons.

In 2007, the non-alcoholic beverage sector in France was valued at more than 11.8€ billion, or \$16.3 billion, with a volume close to 1.3 billion liters. U.S. exports to France in this sector have fluctuated in volume and value from year to year. Retail sales comprised the majority of sales by volume and slightly more than half of sales by value. Consumer sensitivity to health and environmental impacts of food consumption are leading manufacturers to shift their product mixes and packaging. Private-label brands are competitive in the non-alcoholic beverage sector and have driven down the unit price in a number of categories. Growth in private-label sales may provide new opportunities for U.S. exporters.

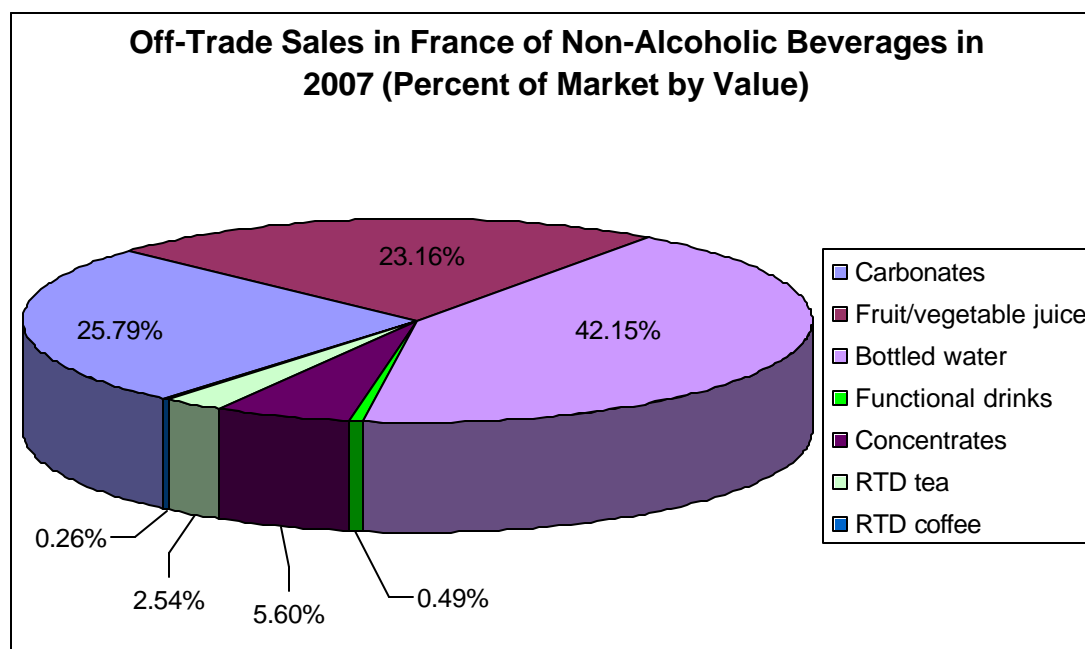


Source: Euromonitor. "Soft Drinks – France." March 2008.

Consumer Trends

The most current trend in the non-alcoholic beverage sector is consumers' interest in health and fitness. French consumers believe that carbonated drinks and concentrated fruit juices contribute to obesity. Concern about increasing rates of childhood obesity and a recent campaign by the French government to discourage the over-consumption of sugar and fats may be having an impact on this sector.

The non-alcoholic beverage sector overall is expected to benefit from the introduction of more low-sugar, preservative-free beverages. Soft drink manufacturers have responded by expanding their range of reduced-sugar and low-calorie products. In addition, beverages boasting 100% juice with no added sugar have performed well. Smoothie sales also appear to have benefited from the government campaign to encourage consumption of more fruits and vegetables.



Source: Euromonitor. "Soft Drinks – France." March 2008.

Consumer environmental concerns are increasing the demand for smaller, lighter, recyclable packaging. In response, Société des Eaux Minérales de Saint-Amand introduced a bag-in-box format for its Saint-Amand brand of water, while Groupe Danone is using its Volvic brand to promote its aid efforts in Africa.

The government's campaign to discourage consumption of bottled water may have contributed to a 2% loss in market share by bottled water and RTD tea in 2007. At the same time, functional drinks had more than 16% growth in terms of volume and 19% growth in terms of value between 2006 and 2007 indicating strong growth potential.

Competition

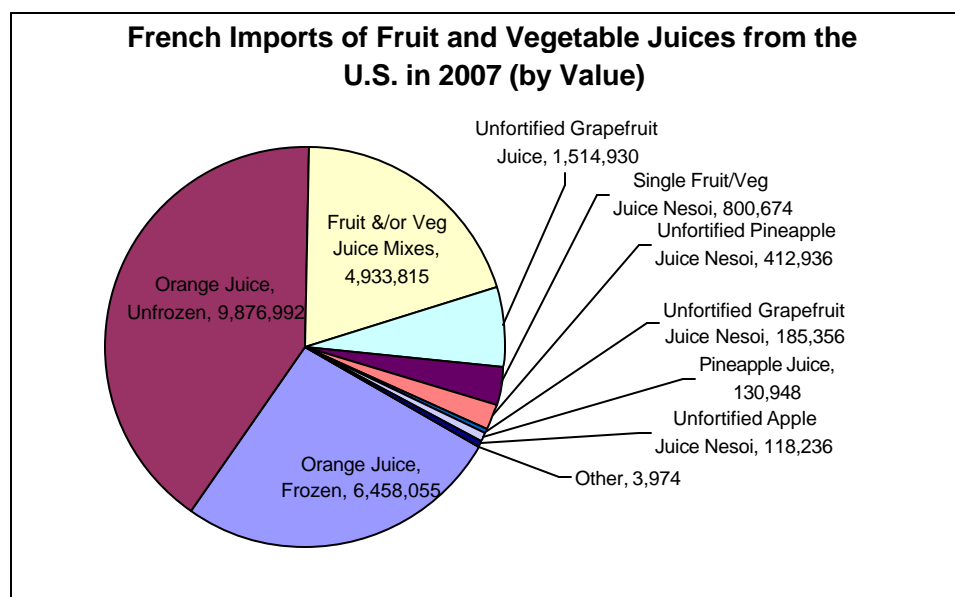
The French market for non-alcoholic beverages is highly competitive. Private-label non-alcoholic beverages offered a wide range of products and held the largest share of the

market in 2007 at 20% by volume. Given current economic conditions, trade in private-label products is expected to increase. Among name brands, Coca-Cola held the lead in 2007 in value terms, but was second to Neptune SA's Cristaline brand in terms of volume.

Innovation and creative advertising will continue to be important to growth. Improved packaging, interesting and healthier taste combinations, and easy brand recognition will help attract consumers. Also, creating strong relationships with consumers and developing brand loyalty with coupons and/or health/lifestyle advice may prove beneficial. Finally, companies with inventive web sites or online marketing campaigns have seen positive responses from younger consumers.

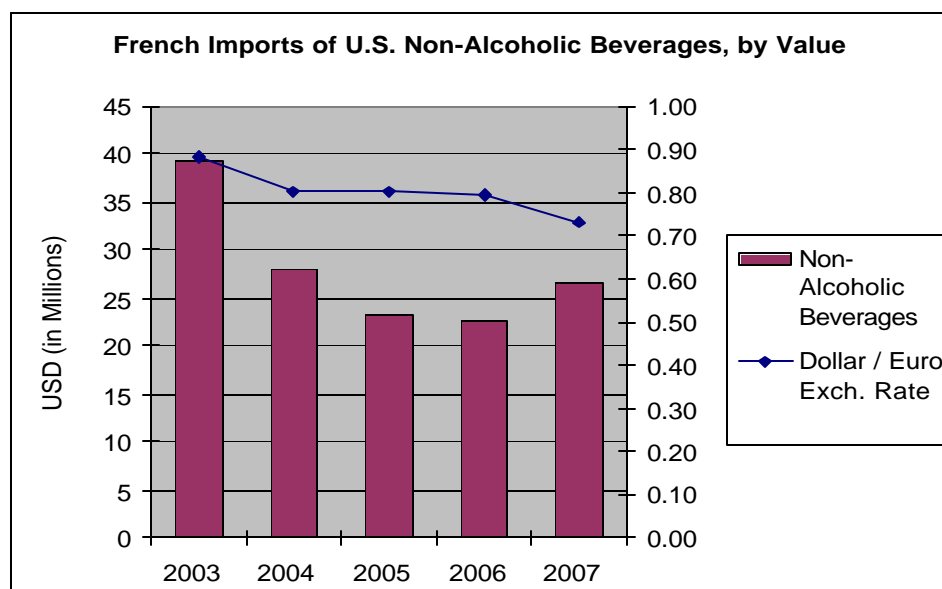
U.S. Trade

France imported approximately \$1.8 billion in non-alcoholic beverages in 2007 with fruit and vegetable juices accounting for just over \$1 billion. The U.S. ranked as the seventh largest source of fruit and vegetable juice imports for France in value terms (\$24.5 million) in 2007. French imports of U.S. fruit and vegetable juices fell between 2003 and 2006 but showed an upward trend in 2007. Spain, Germany, Belgium, the Netherlands, Brazil, and Italy are all direct competitors of the U.S. in exports of orange juice, mixed juices, and grapefruit juice, which comprise the bulk of U.S. juice exports to France.



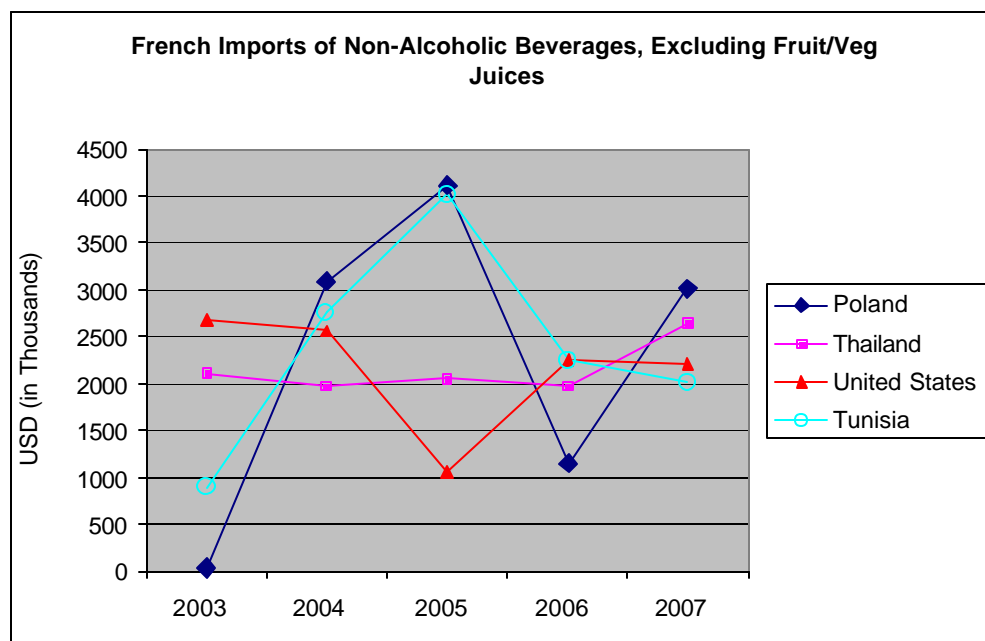
Source: *Global Trade Atlas, 2008*

France imported more than \$810 million worth of waters and non-alcoholic beverages, excluding fruit and vegetable juices. Approximately \$2.2 million of these were from the U.S. Though the U.S. has a significant industry in the manufacture and sale of mineral-free waters, U.S. manufacturers should note that French and European Union regulations specify that only waters with certain levels of mineral content and spring waters, bottled at the source, may be imported and distributed in the European Union.



Source: Global Trade Atlas, 2008

The level of French imports of waters and non-alcoholic beverages (excluding juices) from the U.S. has been more volatile during the last five years than imports of fruit and vegetable juices. Although the total value of French imports of waters and other non-alcoholic beverages (excluding juices) has increased steadily over the last five years, the fluctuation observed in the data on U.S. imports is characteristic of the sector overall.

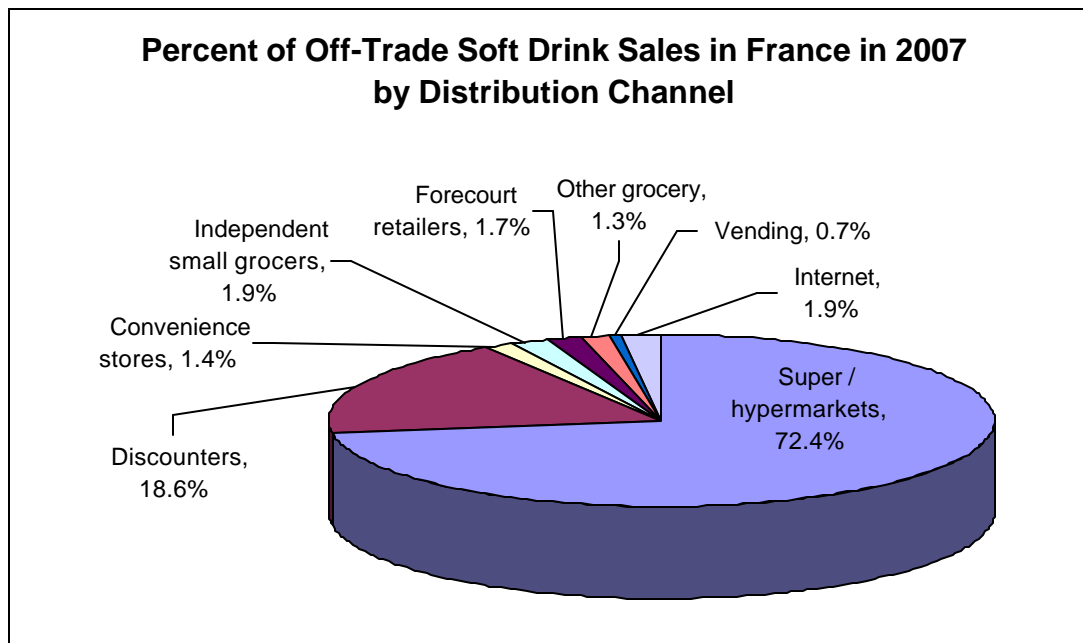


Source: Global Trade Atlas, 2008

Distribution

Supermarkets and hypermarkets comprise the most important retail distribution channels, accounting for more than 72% of sales in the off-trade market. As consumers become

increasingly price conscious, sales by discount retail chains are expected to grow. Sales in other off-trade venues are virtually negligible.



Source: Euromonitor. "Soft Drinks Distribution - Off-Trade Volume," 2008.

For additional information on the French retail market and entry strategies for U.S. exporters to France, please see the **GAIN FR7018**, Retail Food Sector, 2008 and **GAIN FR7028**, Exporter Guide, 2008. Links to these reports are provided at the end of this document. European Directives [96/70/EC](#) and [80/777/EEC](#) and French Public Health Code ([Article R1321](#)) may also be of interest for U.S. manufacturers of mineral-free waters.

Taxes and Tariffs

Code	Description	EU Tariff Rate
2201	Natural or artificial mineral water and carbonated water, no sugar or artificial sweeteners added, unflavored	Exempt
2202	Mineral or carbonated water, with sugar or artificial sweetener added, flavored, and other non-alcoholic beverages that exclude fruit and vegetable juices	9.6%
22029091	-- containing fat from dairy products less than 0.2%	6.4% + 13.7€ per 100 kg/net
22029095	-- containing fat from dairy products equal to or above 0.2% and less than 2%	5.5 + 12.1€ per 100 kg/net
22029099	-- containing fat from dairy products equal to or above 2%	5.4 + 21.2€ per 100 kg/net

Source: Official Journal of the European Union, L 286, Oct. 31, 2007

When released from customs, the foodstuffs are subject to ad valorem duties levied under the Common External Tariff. Duties differ according to product. In addition to customs

duties, foodstuffs imported into France are subject to a Value-Added Tax (VAT). Currently the VAT is generally charged at one of the two following rates:

- Standard rate of 19.6 percent applies to alcoholic beverages, some chocolates and candies
- Reduced rate of 5.5 percent applies mostly to agricultural and food products.

Note that custom duties given in this report are for informational purposes only. We caution that the final custom classification (HS code) is determined by the French authorities.

Other Relevant Reports

Report Number	Report Name and Web Link
FR7028	Exporter Guide http://www.fas.usda.gov/gainfiles/200710/146292590.pdf
FR7018	Retail Food Sector http://www.fas.usda.gov/gainfiles/200801/146293433.pdf
FR8014	FAIRS Country Report (Food and Agricultural Import Regulations) http://www.fas.usda.gov/gainfiles/200808/146295368.pdf
E48078	FAIRS European Union Report http://www.fas.usda.gov/gainfiles/200808/146295548.pdf

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New Web
Site!

For more information on exporting U.S. food products to France, visit our homepage listed above. The OAA homepage includes information on the Hotel Restaurant Industry and Retail food sector, Food and Agricultural Import Regulations and Standards, product briefs on the market potential for U.S. products, upcoming promotional trade shows and fairs in France. Importer lists are available from our office to exporters of U.S. food products.

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>